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RNA 541
BUSINESS-CIA (NEWSFEATURE)
BY ALVER CARLSON

NEW YORK, APRIL 16, REUTER - FALLOUT FROM DISCLOSURE LAST MONTH THAT THE U.S. CENTRAL INTELLIGENCE AGENCY HAD FINANCED A MULTIMILLION DOLLAR EFFORT TO RECOVER HYDROGEN WARHEAD MISSILES AND CODES FROM A SUNKEN SOVIET SUBMARINE IS STILL PLAGUING GLOBAL MARINE INC.

GLOBAL MARINE DESIGNED AND OPERATED THE SALVAGE VESSEL, CALLED THE GLOMAR EXPLORER, FOR A COMPANY CONTROLLED BY FINANCIER HOWARD HUGHES BUT, OF COURSE, KEPT THE TRUE GOALS OF THE PROJECT SECRET.

AFTER THE SUBMARINE AFFAIR WAS MADE PUBLIC, SEC WAS PROMPTED TO EXAMINE GLOBAL'S FINANCIAL REPORTS, NAMELY THE 10-K, TO SEE IF ANY OF THE SUBMITTED STATISTICAL OR TEXTUAL INFORMATION WAS MISLEADING.

LATER, IN A STATEMENT, THE SEC SAID IT HAD NO QUARREL WITH THE FIGURES, BUT THOUGHT SOME OF THE TEXT MIGHT HAVE MISLED INVESTORS AND OTHERS. THE INVESTIGATION IS APPARENTLY STILL ON, ALTHOUGH THE SEC IS MAKING NO FURTHER COMMENT.

Comment.

(Over)

These comments represent the initial and tentative reaction of the CIA Operations Center and of the appropriate analytic component in the Agency to the attached item from the news wire services.

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RNA 542
BUSINESS-CIA 2 NEW YORK
THE LITTLE SEC SAID, HOWEVER, SPAWNED RUMORS ON WALL STREET THAT GLOBAL WOULD HAVE TO RE-ISSUE ITS ANNUAL REPORT, DELETING REFERENCE TO THE GLOMAR EXPLORER.
ANOTHER RUMOR CURRENTLY CIRCULATING HAS BEEN THAT GLOBAL MIGHT HAVE TO RESTATE ITS EARNINGS BECAUSE OF COSTS ASSOCIATED WITH THE EXPLORER.
FOR ITS PART, GLOBAL HAS ANGRILY DENIED THAT THIS MIGHT BE NECESSARY AND, IN FACT, HAS MADE A SERIOUS ATTEMPT TO TRACK DOWN THE SOURCES OF THE RUMORS WITH AN EYE TO POSSIBLE LITIGATION.
THE COMPANY'S VICE PRESIDENT FOR CORPORATE PLANNING, MR CORBETT ALLEN, HIMSELF A FORMER WALL STREET SECURITY ANALYST, SAID THE RUMORS WERE IRRESPONSIBLE.
GLOBAL'S MAIN BUSINESS IS TO DESIGN AND OPERATE OFFSHORE EXPLORATORY HYDROCARBON DRILLING RIGS, AN OPERATION THAT HAS AT LEAST AS MUCH GLAMOR, BY WALL STREET'S STANDARDS, AS CIA INTRIGUE.
MORE 1429
JE6907/3
RNA 543
GLOBAL MARINE 3 NEW YORK
IN THE PAST YEAR OR SO, HOWEVER, THE OFFSHORE OIL PLAY HAS PALED A BIT AS WALL STREET HAS WORRIED ABOUT EFFORTS OF EUROPEANS BREAK INTO THE UNDERWATER DRILLING BUSINESS, WHILE AT HOME WHAT ALLEN CALLS "OBSTRUCTIONISTS," MOSTLY ENVIRONMENTALIST GROUPS, HAVE DELAYED DRILLING SURVEYS OF THE U.S. CONTINENTAL SHELF.
THESE TWO FACTORS HAVE HELPED TO TAKE GLOBAL'S PRICE-EARNINGS RATIO FROM ABOUT 27 TIMES A YEAR AGO TO THE CURRENT LEVEL OF ABOUT NINE TIMES 1974 EARNINGS. THE COMPANY SHOWED UP WITH A PER SHARE OF 1.26 DOLLARS, COMPARED WITH 1.20 DOLLARS A SHARE IN 1973.
AS FOR THIS YEAR, THE COMPANY HAS SAID, AND WALL STREET AGREES, THAT IT EXPECTS EARNINGS TO RISE SUBSTANTIALLY. DEAN WITTER AND COMPANY ANALYST ALBERT E. UPSHER PEGS THEM SPECIFICALLY AT ABOUT 1.70 DOLLARS A SHARE.
ESSENTIALLY, THE UPTURN IN EARNINGS, ANALYSTS SAY, IS COMING ABOUT BECAUSE MANY OF THE COSTS ASSOCIATED WITH MODERNIZING SOME OLDER DRILLING VESSELS ARE ALMOST COMPLETED, WHILE AT THE SAME TIME A RASH OF ORDERS MADE A ABOUT A YEAR AGO ARE NOW EXPECTED TO BE DELIVERED.
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RNA 546
GLOBAL MARINE 4 NEW YORK
AT THE SAME TIME, WALL STREET IS CONVINCED THAT GLOBAL'S CORNER OF THE DRILLING RIG BUSINESS SHOULD GROW AS THE SEARCHING PHASE OF THE OFFSHORE OIL ACTIVITY BEGINS TO SWING FROM THE NORTH SEA HOME TO THE LESS TEMPESTUOUS WATERS OF THE U.S. EAST AND WEST COAST.
GLOBAL'S DRILLING SHIPS, WHICH CAN HANDLE THE EXTREME WEATHER OF THE NORTH SEA ONLY PART OF THE YEAR, CAN OPERATE EFFICIENTLY YEAR AROUND IN OTHER CLIMES.
FOR THIS REASON, SOME ANALYSTS ON WALL STREET FEEL THAT GLOBAL, WHICH CLOSED YESTERDAY AT 13-1/2, IS UNDERPRICED AND SHOULD BE ACCUMULATED.
THEN TOO, SOME ANALYSTS BELIEVE THAT WHILE THE DESIGNING OF THE GLOMAR EXPLORER HAS TURNED OUT TO BE FOR REASONS OTHER THAN THE SEARCH FOR UNDERSEA MINERALS, THE COMPANY'S EXPERTISE HAS BEEN INCREASED AND THIS SHOULD EVENTUALLY PAY OFF.
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